TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

HB 2589 - SB 2640

February 16, 2016

SUMMARY OF BILL: Extends mandatory retirement requirements for park rangers employed by the Department of Environment and Conservation (TDEC), or those who have transferred to supervisory or administrative positions within TDEC, and entitles them to the same retirement benefits and as wildlife officers and state police officers. Requires injury and death benefits be paid to beneficiaries of such personnel in the same manner as provided to law enforcement officers.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Net Impact - $352,700

Other Fiscal Impact – The total lump sum pension liability to the Tennessee Consolidated Retirement System (TCRS) is estimated to be $4,387,600.

Assumptions Relative to TDEC Personnel Expenditures:

- Based on information received from TDEC and TCRS, some park managers will be incentivized to retire early as a result of previous service as a commissioned park ranger and becoming eligible for the supplemental bridge benefit.
- The number of employees that will be required to retire or that will elect to retire in any given fiscal year pursuant to the bill will fluctuate. For the purpose of this fiscal note, it is assumed that an average of 10 individuals (seven commissioned park rangers and three park managers) will retire each year as a result of the bill.
- TDEC replaces retiring commissioned park rangers and retiring park managers with new entry-level positions.
- Based on information provided by TDEC, the average monthly salary plus benefits for the seven current commissioned park rangers that will be required to retire is $5,288.
- The monthly salary plus benefits for an entry-level Park Ranger I position is estimated to be $3,629.
- The net recurring decrease in state expenditures resulting from the mandatory retirement of the seven park rangers and the employment of seven new entry-level park rangers is estimated to be $139,356 [($5,288 monthly x 12 months x 7 park rangers) – ($3,629 x 12 months x 7 park rangers)].
- TDEC indicated the average monthly salary plus benefits for the three current park managers that will elect to retire is $6,815.00.

- TDEC indicates the monthly salary plus benefits for an entry-level Park Manager position is estimated to be $6,491.00. The net recurring decrease in state expenditures resulting from three park managers electing to retire and the employment of three new entry-level park managers is estimated to be $11,664 [($6,815.00 monthly x 12 months x 3 park managers) – ($6,491.00 x 12 months x 3 park managers)].
- The total recurring decrease in state salary and benefit expenditures is estimated to be $151,020 ($139,356 relative to park rangers + $11,664 relative to park managers).
- Additional recurring reductions to departmental expenditures will not occur as subsequent cohorts are required to retire, or elect to retire, because of the resulting promotional opportunities that will be created with retirement departures. After the first-year, it is assumed there will be a consistent level of appropriations for both commissioned park ranger positions and park manager positions.

Assumptions relative to TCRS and total net impact:

- TCRS provides retirement benefits for retired state employees, retired teachers, and retired local government employees.
- Based upon information provided by TCRS, and relative to the TDEC employees covered by these provisions which includes 138 commissioned park rangers and 70 park managers, this bill is estimated to increase the lump sum pension liability of TCRS by approximately $4,387,613.
- TCRS typically utilizes a 20-year horizon, pursuant to Tenn. Code Ann. § 3-9-103(b), and a 7.5 percent interest rate, pursuant to Tenn. Code Ann. § 8-34-505, when estimating annual amortized payments of pension benefits. The estimated annual amortized payment derived from these assumptions is used when TCRS cannot reasonably determine the specific members impacted by proposed legislation.
- According to TCRS, staff was able to determine the specific TDEC employees that will be impacted by this bill. As a result, a more accurate estimate for the annual amortized payment of pension benefits can be obtained. TCRS indicates that the annual amortized payment of pension benefits will be approximately $503,702 relative to the identified park ranger and park manager employees within TDEC. Specifically, this estimate represents the annual impact to the pension plan for ten TDEC staff members retiring annually (seven commissioned park rangers and three park managers).
- Retirement benefits for retired state employees are normally funded 75 percent with state funds and 25 percent with federal funds. However, TCRS has indicated that TDEC confirmed there is no federal funding related to the costs of park rangers. TCRS further indicates that all TCRS costs related to this bill would be a 100 percent state obligation.
- An annual appropriation from the General Fund would be required to fund this state obligation. As a result, the recurring increase in state expenditures from the General Fund is estimated to be $503,702.
- The total net impact for the bill is estimated as a recurring increase in state expenditures for the General Fund of $352,682 ($503,702 - $151,020).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Krista M. Lee

Krista M. Lee, Executive Director

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